



UTAH

Insurance Department



November 2004

Learning from Florida

"Visit Florida with its world famous beaches" is a popular ad for the sunshine state. After taking a brutal beating from four hurricanes, three of them intense and one tropical storm, white sand beaches and long established oyster beds have been swept out to sea.

In an effort to provide assistance to the Florida Department of Insurance, Cathy Howick, market conduct examiner of our office, along with other state regulators from across the United States, went to these storm ravaged areas to lend a hand. Cathy was called to the Daytona Beach area to assist that seven-member office to handle the 400-500 daily inquiries from Floridians trying to deal with the storm's aftermath.

Approximately 17 million people were affected by the multiple assaults on the state. Damages just from Hurricane Charlie are estimated to be in excess of \$7.4 billion dollars. As you may know, a large percentage of the population are seniors living in mobile homes. This segment of the population suffered the most, emotionally and materially.

Devastating calamities such as this bring out the best and worst in people. Contractors reportedly charged \$250 to \$300 for an estimate. Opportunists were found charging exorbitant fees for installing "blue tarps" on roofs for temporary protection when the U.S. Corps of Engineers installed the tarps for free. Neighbors helped one another cut down palm trees that had fallen or helped a feeble neighbor get medical assistance. Most waited patiently for hours in long lines to receive food stamps or other assistance.

This experience impressed upon Cathy the great need to be prepared for a disaster, raising such questions as: "Do I have a 72-hour emergency kit?" and "Do I have a family disaster plan in place?"

Are you ready for a catastrophe?

Health Discount Plans

Producers need to be wary of discount plans. Those being sold as ERISA plans are fraudulent. With very few exceptions, producers, agencies or insurers can sell only those insurance products that comply with Utah law. Those caught selling fraudulent discount plans are at risk of having their licenses suspended or revoked, being prosecuted for a felony and having their personal assets attached.

If you have questions or concerns about an entity that has approached you and looks too good to be true, it probably is. Please contact the department's toll free number with your concerns, 1-800-439-3805 or 801-538-3763.

Two New Annuity Rules

The department has written and passed two new administrative rules that affect the solicitation of annuity products in Utah. They are R590-229, Annuity Disclosure, and R590-230, Senior Protection in Annuity.

The purpose of the "Annuity Disclosure" rule is to foster consumer education and standards for the minimum information that must be disclosed about an annuity contract. Producers will now be required to provide the applicant with the annuity Buyer's Guide and the disclosure document. This rule went into effect October 7, 2004. To view this rule and the buyer's guide, click on this link:

<http://www.insurance.utah.gov/rules/R590-229.htm>.

The "Senior Protection in Annuity Transactions" rule requires that the annuity sold to a senior consumer must meet his or her insurance and financial needs. This rule became effective June 3, 2004. To view the rule click on this link:


<http://www.insurance.utah.gov/rules/R590-230.htm>.

Website Update

We are constantly trying to update and add information to our website that will be helpful to you. If you have any suggestions to improve our site, please let us [know](#).

For your information our [Enforcement](#) page is updated as cases are being finalized and cases older than 6 months are being deleted.

The following information is new to our site. Click on the blue underlined headings to see that particular page on our site.

[Live Help Online](#) -  If you click on this logo where you find it on our site and type your inquiry, you will get live help from someone at the department.

[Legislation](#): The department's proposed 2005 legislation is now available for review and comment.

[2003 Auto/Homeowner Comparison Table](#): This table compares rates of the top 20 companies in

market share for both auto and homeowner lines of insurance.

[2004 Health Insurance Market Report](#): Reviews four trends in Utah's comprehensive health insurance market: 1) changes in the number of insurers; 2) the cost of comprehensive health insurance; 3) the number of Utahans with comprehensive health insurance; and 4) the financial status of the health insurance market.

[Domestic Insurer Exam Reports](#): Includes finalized financial and market conduct exams of Utah's domestic insurers.

[Department's Annual Report for 2003](#): Contains three general sections: 1) [General Information](#) about the department; 2) [Statistical and Financial Data](#) about licensed Utah insurers; and 3) [Directories](#) of insurer groups and the National Association of Insurance Commissioners.

[Bail Bond Oversight Board Members](#): Includes names and contact information of board members.

[Department Fee Schedule](#): This is a summary of licensing and miscellaneous fees charged by the department.

Department Productivity

In preparation for the coming budget appropriation process in the 2005 Legislature, the department reviewed its efforts in fiscal year 1997 and compared them with the results of the department's work in fiscal year 2004. The statistics are pretty impressive and show the growth of the insurance industry in Utah since 1997.

Description	1997	2004	Increase/Decrease
			%
Department Employees	72	72	0%
Licensed Insurance Companies	1,502	1,412	-6%
Financial Examinations of Domestic	19	27	+42%
Licensed Producers	28,491	59,877	+110%
Licensed Agencies	3,727	5,854	+50%
Consumer & Licensee Inquiries	36,545	44,305	+22%
Formal Complaints	1,045	1,079	+3%
Administrative Proceedings	178	1,427	+702%
Appointment & Designation Filings	61,702	171,184	+177%
Rate & Form Filings	22,855 (yr. 2000)	25,394	+10%
Fraud Division Initiated Criminal Cases	106	569	+437%
Completed Investigations	64	212	+231%
Filed Criminal Complaints	75	342	+356%
Prosecuted Criminal Cases	45	106	+136%
Obtained Convictions	29	97	+234%
Recovered Restitution	\$4,136	\$8,108,026	+1,959%
Premium Taxes & Fees	\$74,095,962	\$130,038,988	+75%
Department Expenditures	\$3,524,990	\$5,535,601	+57%